

Bcom(PA) DEGREE EXAMINATION, APRIL 2020
I Year II Semester
Advanced Financial Accounting

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. Explain the term 'Stock and Debtor System'.
2. What is Inter departmental transfer?
3. Describe the meaning of Default and Repossession.
4. What is meant by Revaluation Account?
5. Who is an Insolvent Partner?
6. A head office invoices goods to its branch at cost plus 50%. From the following particulars, prepare the branch adjustment account on the stock & debtors system.

	Rs.
Stock on 1.1.89 (invoice price)	27,900
Goods invoiced to the branch (Invoice price)	1,53,000
Goods returned to H.O by branch	4,500
Stock on 31.12.89 (Invoice price)	10,650

7. A company has two departments A and B Dept. A supplies goods to Dept, B at its usual selling price. From the following figures prepare Departmental Trading A/c for the year 1982.

Particulars	A(Rs.)	B(Rs.)
Opening stock (1-1-82)	30,000	-
Purchases	2,10,000	-
Transfer to B	50,000	-
Sales	2,00,000	60,000
Closing stock (31-12-82)	40,000	10,000

8. X purchased machinery under hire purchase agreement from Y. The cash price of the machinery was Rs. 15,500. The payment was to be made as follows:

	Rs.
On signing the agreement	3,000
First year end	5,000
Second year end	5,000
Third year end	5,000

9. Calculate the amount of Goodwill at three years purchase of last five years average profits. The profits were:

	Rs.
I year	9,600
II year	14,400
III year	20,000
IV year	6,000
V year	10,000

10. From the following information, prepare Realisation A/c assuming all the partners are insolvent:

Current assets	Rs. 40,000
Furniture	Rs. 50,000
Fixed assets	Rs. 4,35,000
Sundry creditors	Rs. 4,20,000
Bills payable	Rs. 20,000

Amount realised on selling the assets Rs. 2,55,000. Partners A, B and C share profits & losses in the ratio of 2:2:1

11. From the following details, prepare departmental trading accounts.

Particulars	Dept. A(Rs.)	Dept. B(Rs.)
Opening stock	9,000	8,400
Total purchases	27,000	21,600
Total sales	42,000	36,000
Closing stock	10,800	4,800

12. Prem and Chandra share profits in the ratio of 7:3. Rama was admitted as a partner. Prem surrendered $\frac{1}{7}$ of his share and Chandra $\frac{1}{3}$ of his share in favour of Rama. Calculate new ratio.

Section B ($5 \times 5 = 25$) Marks

Answer any **FIVE** questions

13. Distinction between Wholesale Profit and Retail Profit

14. The following purchases were made by a business house having three departments.

<i>Dept.A</i> — 1,000 units	} at a total cost of Rs.1,00,000
<i>Dept.B</i> — 2,000 units	
<i>Dept.C</i> — 2,400 units	

Stocks on 1st January were:

Dept. A - 120 units

Dept. B - 80 units

Dept. C - 152 units

Sales were:

Dept. A - 1020 units at Rs. 20 each

Dept. B - 1920 units at Rs. 22.50 each

Dept. C - 2496 units at Rs. 25 each

The rate of gross profit is same in each case. Prepare Departmental trading account.

15. Mr. P purchased 4 cars for Rs. 14,000 each on 1.1.92 under the hire purchase system. The hire purchase price for all the 4 cars was Rs. 60,000 to be paid as Rs. 15,000 down payment and 3 equal instalments of Rs. 15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a on straight line method. From the above particulars give journal entries in the books of Mr. P.
16. A, B and C are partners sharing profits in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. C retires and his share was taken up by A and B in the ratio of 2:1. Find out gaining ratio.
17. P, Q, R share profits in proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$. On the date of dissolution their Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	14,000	Sundry Assets	40,000
P's Capital	10,000		
Q's Capital	10,000		
R's Capital	6,000		
	40,000		40,000

The assets realized Rs. 35,500. Creditors were paid in full. Realisation expenses amounted to Rs. 1,500. Prepare Realisation A/c.

18. From the following particulars relating to Bombay branch for the year ended 31.12.93, Prepare Branch A/c in the head office books.

Particulars	Rs.	Rs.
Stock at the branch on 1.1.93		15,000
Debtors at the branch on 1.1.93		30,000
Petty cash at the branch on 1.1.93		300
Goods sent to Branch during 1993		2,52,000
Remittance from branch during 1993		
Cash sales 1993	60,000	
Received from debtors 1993	<u>2,10,000</u>	2,70,000
Credit sales during 1993		2,28,000
Cheques sent to branch during 1993:		
For Salaries	9,000	
For Rent & Rates	1,500	
For Petty cash	<u>1,100</u>	11,600
Stock at the branch 31.12.93		25,000
Petty cash 31.12.93		200
Goods returned by the branch		2,000
Debtors on 31.12.93		48,000

19. From the following details of a businessman who sells goods of small value at cost plus 50%. Prepare Hire Purchase Trading A/c

	Rs.
1.1.90 Stock out with the customers at H.P Price	9,000
Stock at shop at cost price	18,000
Instalment due but not received	5,000
31.12.90 Goods worth Rs. 500 repossessed (Inst. Not due Rs. 2,000)	
Cash received from customers	60,000
Purchases made during the year	60,000
Stock at cost at shop (excluding the goods repossessed)	20,000
Instalments due but not received	9,000
Stock out at Hire – Purchase price with the customers	30,000

Section C ($2 \times 15 = 30$) Marks

Answer any **TWO** questions

20. Define Hire Purchase and Instalment System. Distinguish between Hire Purchase and Instalment System.
21. The Calcutta Commercial Company invoiced goods to its Jamshedpur Branch at cost. The Head office paid all the branch expenses from its bank except petty cash expenses which were paid by the branch. From the following details relating to the Branch, prepare,
- a) Branch Stock A/c b) Branch Debtors A/c c) Branch Expenses A/c d) Branch P & L A/c

	Rs.		Rs.
Stock (Opening)	21,000	Discount to customers	4,200
Debtors (Opening)	37,800	Bad debts	1,800
Petty Cash (Opening)	600	Goods returned by customers to branch	1,500
Goods sent from H.O.	78,000	Salaries & Wages	18,600
Goods returned to H.O	3,000	Rent & Rates	3,600
Cash Sales	52,500	Debtors (Closing)	29,400
Advertisement	2,400	Petty Cash (Closing)	300
Cash received from debtors	85,500	Credit Sales	85,200
Stock (Closing)	19,500		
Allowance to customers	600		

22. Following is the profit and loss A/c of Hindustan Electronics for the year ending 31-3-94

Purchases:	Rs.	Sales:	Rs.
Transisters (X)	1,60,000	Transisters (X)	1,75,000
Tape Recorders (Y)	1,25,000	Tape Recorders (Y)	1,40,000
Repairs (Z)	80,000	Repairs (Z)	35,000
Salaries & Wages	48,000	Stock at 31-3-94	
Rent	10,800	Transisters (X)	60,100
Sundry expenses	11,000	Tape Recorders (Y)	20,300
Profit	40,200	Repairs (Z)	44,600
	4,75,000		4,75,000

Other particulars are given below:

a) Transisters and taperecorders have been sold in show room and repair are made in the factory

b) Apportionment of salaries and wages i.e., showroom $\frac{3}{4}$ and factory $\frac{1}{4}$:

Salaries and wages of showroom are to be divided in 1:2 ratio in X and Y departments.

c) Rent of factory is Rs 500 p.m. Rent of showroom is apportioned equally in X and Y departments.

d) Sundry expenses are apportioned in the sales ratio of the departments.

Prepare departmental trading and P & L A/c.

23. A and B are in equal partnership. Their balance sheet stood as follows:

Liabilities	Rs.	Assets	Rs.
Capital A:	600	Plant & Machinery	1,475
Sundry Creditors	3,900	Furniture	400
		Debtors	500
		Stock	625
		Bank	300
		B's Capital	1,200
	4,500		4,500

The assets were realised as follows:

Stock Rs. 350, Furniture Rs. 200, Debtors Rs. 500 and Plant & Machinery Rs. 700. The cost of collecting and distributing the estate amounted to Rs. 150.

A's private estate is not sufficient even to pay his private liabilities, where as in B's private estate, there is a surplus of Rs. 50.

Prepare Realisation A/c. Cash A/c, Creditors A/c, Capital A/c's and the Deficiency A/c of the partners.